

Message Text

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PAGE 01 TEHRAN 07688 290803Z
ACTION NEA-10

INFO OCT-01 EB-08 ISO-00 CIAE-00 INR-07 NSAE-00 TRSE-00
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E.O. 11652: N/A
TAGS: BEXP ENRG IR
SUBJ: OIL BARTER: BROWN & ROOT & NEW ENGLAND PETROLEUM CO. CON-
CLUDE AGREEMENTS ON CHAH BAHAR/PORT CONSTRUCTION OIL BARTER

REF: TEHRAN 7047

1. RESIDENT SENIRO VP OF BROWN & ROOT (IRAN INFORMED EMB AUG 28
THAT BROWN & ROOT & NEW ENGLAND PETROLEUM CO. OF THE US HAVE CON-
CLUDED FINAL ARRANGEMENTS WITH IMPERIAL IRANIAN NAVY AND NIOC RE-
SPECTIVELY, ON A 5 YEAR OIL BARTER DEAL FOR CONSTRUCTION OF CHAH
BAHAR PORT. FOLLOWING ARE DETAILS OF AGREEMENT AS GIVEN TO EMB.

2. FOLLOWING SEVERAL MONTHS OF ON AND OFF NEGOTIATIONS BETWEEN
MR ROBERT POMEROY OF POMEROY CORP, BROWN & ROOT, NIOC & NEW
ENGLAND PETROLEUM CO (NEPCO), AGREEMENT WAS FINALLY REACHED
BETWEEN THE PARTIES ON QUANTITIES OF CRUSE TO BE LIFTED, PRICE
AND DURATION OF CONTRACT. NIOC-NEPCO CONTRACT (LATTER CONTRACTING
THROUGH ITS OFF-SHORE CO, GRAND BAHAMAS) CALLS FOR 100,000
BARRELS PER DAY TO BE LIFTED FOR 5 YEAR PERIOD. CRUDE LIFTED
IS 100 PERCENT REPEAT 100 PERCENT HEAVY. NEPCO WILL RECEIVE
120 DAYS CREDIT FROM NIOC WHICH EMB CALCULATES AS EQUIVALENT OT
A 18 CENT PER BARREL DISCOUNT, I.E., 1.4 PERCENT DISCOUNT FROM
OPEC PRICE ON DAY OF LIFTING. ON AUG 13, NEPCO LIFTED 1.6 MILLION
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BARRELS, ITS FIRST LIFTING UNDER THE CONTRACT, AND INTENDS
THEREAFTER TO LIFE APPROX SAME QUANTITY EVERY 16-17 DAYS. BROWN-&
ROOT REP RECALLED THAT IN MID-76 SHAH HAD FLATLY REFUSED TO AGREE
TO A PROPOSED NIOC-NEPCO AGREEMENT WHICH EXPLICITLY PROVIDED FOR
2 PERCENT DISCOUNT TO NEPCO.

3. BROWN & ROOT, PURSUANT TO LETTER OF AGREEMENT SIGNED

BETWEEN IMPERIAL IRANIAN NAVY AND BROWN AND ROOT ON AUG 25, 1977,
WILL IMMEDIATELY RESUME WORK ON CHAH BAHAR. INUMUCH AS CASH FLOW
UNDER THE BARTER AGREEMENT WILL NOT BEGIN UNTIL DEC 77, IRANIAN NAVY
HAS AGREED TO ADVANCE BROWN & ROOT 35 MILLION DOLLARS AS LOAN
REPAYABLE BY END OF CURRENT IRANIAN FISCAL YEAR.

4. TOTAL VALUE OF CONSTRUCTION WORK AT CHAH BAHAR WILL BE 2.1
BILLION DOLLARS.
SULLIVAN

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Message Attributes

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Disposition Approved on Date:
Disposition Case Number: n/a
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